

FISCAL NOTE

Bill #: SB0339

Title: Provide low-cost combo sports license for active military personnel

Primary Sponsor: Balyeat, J

Status: As Amended in House Committee

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
State Special Revenue	\$0	\$0
Revenue:		
State Special Revenue	(\$29,986)	(\$35,962)
Net Impact on General Fund Balance:	\$0	\$0

<input type="checkbox"/> Significant Local Gov. Impact	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input checked="" type="checkbox"/> Significant Long-Term Impacts
<input type="checkbox"/> Dedicated Revenue Form Attached	<input type="checkbox"/> Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

Department of Fish, Wildlife and Parks (FWP)

- 1,525 Montana citizens annually join the military. This includes 1,139 active duty and 386 reservists and National Guard.
- FWP assumes that 1,139 Montana citizens annually leave active military duty and 386 annually join the reserves or National Guard and may be activated. It is estimated that between September 11, 2001 through FY 2005, 5,695 active duty military left the military and would be eligible for this free conservation license or reduced price combination sports license. In addition, 1,930 Montana citizens joined the reserves or National Guard and would also be eligible for either of these two licenses.
- To be eligible for the free conservation license or reduced combination sports license, the soldier must have participated in a contingency operation. FWP assumes that 100 percent of all active duty military personnel will have been involved in a contingency operation and 80 percent of all reserve and National Guard personnel will have been involved in a contingency operation.
- Active military personnel who have participated in a contingency operation will be eligible for the free conservation license or reduced price combination sports license (two consecutive years) either when they are discharged or released from active duty. Reservist and National Guard upon showing appropriate

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documentation depicting they were on active duty for at least 180 days. Military personnel are only eligible for this license one time.

5. FWP assumes that 60 percent of the eligible military personnel will request a reduced rate combination sports license instead of the free conservation license. Total eligible active duty military personnel in FY 2006 will be 3,417 ($5,695 \times 0.6$) and total reserve and National Guard military personnel will be 926 ($1,930 \times 0.8 \times 0.6$)
6. In FY 2007, an additional 1,139 active duty and 386 reserve and National Guard military personnel would be eligible to receive a reduced rate combination sports license (two consecutive years) for license year (LY) 2007.
7. FWP revenue loss will be the value of the licenses the eligible military personnel would have purchased. Based on a review of LY 2003 sales data, it is estimate that FWP's license revenue would decrease by \$138,553 in FY 2006 and \$166,264 in FY 2007.
8. FWP will sell a reduced rate sportsman license (without bear) for \$25.00 that does not include the hunter access fee to each eligible military personnel who provide a DD form 214. This will generate additional license revenue of \$108,585 in FY 2006 and \$130,302 in FY 2007.
9. The net loss in revenue to the General License Account will be \$29,968 in FY 2006 and \$35,962 in FY 2007.
10. The cost of administering this reduced rate license program will be absorbed within existing budgets.

FISCAL IMPACT:

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Department of Fish, Wildlife and Parks (FWP)		
<u>Revenues:</u>		
Special Revenue (02)	(\$29,968)	(\$35,962)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	(\$29,968)	(\$35,962)

TECHNICAL NOTES:

Department of Fish, Wildlife and Parks (FWP)

1. Section 4 (11) (b) states that any license agent can provide these reduced rate licenses. In order for the department to verify and track the eligible participants, all reduced rate licenses should be issued through a FWP office in person or via a mail-in application.
2. It is not clear how FWP will determine if an active military personnel partook in an out-of-state contingency operation.
3. Section 3 (11) (a) states that upon request by a qualified member a free resident wildlife conservation license or a reduced priced combination sports license must be issued. For each resident wildlife conservation license \$2.00 is transferred to the Department of Natural Resources and Conservation (DNRC) to provide hunters, anglers and trappers access to State Lands and \$0.25 is transferred to the Department of Military Affairs (DMA) to partially fund hunters, anglers and trappers search and rescue program. The bill is unclear if the transfers to DMA or DNRC are required.
 - a. This fiscal note uses the assumption that the transfers are required.
 - b. If the transfers are not required, DMA would have a reduction in revenue of \$1,086 ($4,343 \times \0.25) in FY 2006 and \$1,303 ($5,212 \times \0.25) in FY 2007, DNRC would have a reduction in

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revenue of \$8,686 (4,343 x \$2.00) in FY 2006 and \$10,424 (5,212 x \$2.00) in FY 2007, and FWP would have a reduction of expenditures by \$8,686 (4,343 x \$2.25) in FY 2006 and \$10,424 (5,212 x \$2.25) in FY 2007.

Department of Natural Resources and Conservation (DNRC)

4. Section 3 of SB 339 proposes to amend Section 87-2-803(11), MCA, to allow the issuance of free wildlife conservation licenses to qualified military veterans. Previously, Section 77-1-815, MCA, authorized DNRC to enter into an agreement with FWP by which a portion of the proceeds of wildlife conservation licenses are shared with DNRC to satisfy the Constitutional mandate in Art. X, Sec. 11 of the 1972 Montana Constitution that the school trust beneficiaries are fully compensated for any recreational use of school trust lands. This Recreational Use Agreement is currently in effect and DNRC shares in the proceeds of each wildlife conservation license sold in Montana. If free conservation licenses are issued, the purposes of the trust will be evaded and the trust beneficiaries will financially suffer. Thus, as currently written, SB 339 needs to be amended to comply with this Constitutional mandate. The amendment could simply provide that DFWP would continue to provide funding to DNRC in any agreement under Section 77-1-815, MCA, for the value of each free conservation license it issues under SB 339.